Fiscal Estimate - 2005 Session

		Updated	Co	prrected		Supplemental				
LRB Number 0	5-3079/1		Introduc	tion Numbe	r SI	B-462				
Description The Investment Board and services of minority financial advisers and minority investment firms										
Fiscal Effect										
State: No State Fiscal E Indeterminate Increase Exis Appropriation Decrease Exi Appropriation Create New A	iting s sting s	Increase E Revenues Decrease Revenues	_	to absorb	within Yes	- May be possible agency's budget \tag{\tag{No}}				
2. Decrease C	osts Mandato	4. Decrease I	Mandate	ory Town:	ent Units ties	s Affected Village Cities Others WTCS Districts				
Fund Sources Affected Affected Ch. 20 Appropriations GPR FED PRO PRS SEG SEGS 20.536										
Agency/Prepared By		Autho	orized Sign	ature		Date				
INV/ Sandy Drew (608) 261-0182 Sandy			y Drew (608	12/1/2005						

Fiscal Estimate Narratives INV 12/1/2005

LRB Number	05-3079/1	Introduction Number	SB-462	Estimate Type	Original			
Description								
The Investment Board and services of minority financial advisers and minority investment firms								

Assumptions Used in Arriving at Fiscal Estimate

Current law urges SWIB to place 5% of its broker commissions with minority brokers. When investing the assets it manages, SWIB has a fiduciary duty to make investments that are solely in the best long-term financial interest of participants of the funds. This includes selecting brokers who can secure the best execution when trading securities and who also produce quality, in-depth research that is vital to SWIB's operation. Within the confines of its fiduciary responsibilities, SWIB met or exceeded the 5% goal four of the past six years. Brokerage commissions are not an appropriated expense as they are paid from the proceeds of sales or purchases of securities.

SB 462 would increase the 5% goal to 10%. Based on past experience and changes in the marketplace and investment strategies, it is unlikely that SWIB would ever reach or exceed the 10% goal and still fulfill its fiduciary duty.

Long-Range Fiscal Implications